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August 23, 2006

**VIA U.S. FIRST CLASS MAIL**

The Honorable Charles L.A. Terreni  
Chief Clerk/Administrator  
**Public Service Commission of South Carolina**  
101 Executive Center Drive  
Columbia, South Carolina 29210

RE: Application of Carolina Water Service, Inc. for adjustment of rates and charges  
for the provision of water and sewer service; Docket 2006-92-WS

Dear Mr. Terreni:

I am writing to you in reference to the public hearings held by the Commission in the above referenced matter. As you are aware, at the commencement of each hearing, Carolina Water, Inc. ("CWS") made a continuing objection to testimony consisting of unsubstantiated complaints regarding customer service, quality of service, or customer relations issues. The basis of this objection was that the receipt and reliance on such testimony would deny the applicant due process of law, permits complaint procedures established under law and Commission Regulations to be circumvented and is not a proper basis to determine just and reasonable rates. In responding to the objection, the Office of Regulatory Staff ("ORS") requested CWS to submit a letter to the Commission setting forth the specific portions of the testimony to which the Company objects, the reason for the company's objection, and the identity of the speaker.

In accordance with ORS's request, CWS herein sets forth the portions of the testimony to which it objects. For the public hearing held in Irmo on June 8, 2006, CWS objects to the following:

Witness Yvonne Ross

Page 12, line 1 through Page 18, line 11

Continued . . .

Witness Susan Maleski

Page 20, line 1 through Page 21, line 13  
Page 21, line 25 through Page 22, line 14  
Page 24, line 4 through Page 27, line 3  
Page 28, line 4 through Page 29, line 4

Witness John Ryan

Page 31, lines 7-9

The Company also objects to the following Hearing Exhibits filed with the Commission at the Irmo hearing purporting to support or corroborate the portions of testimony to which CWS objects.

Hearing Exhibit #1 sponsored by Witness Susan Maleski

For the public hearing held in Lake Wylie, York County on June 12, 2006, CWS objects to the following:

Witness Perry Johnston

Page 16, lines 16-19  
Page 17, lines 1-2  
Page 17, lines 8-13

Witness Robert Stuck

Page 52, line 21 through Page 53, line 19

Witness Roger Schwartz

Page 60, line 6 through Page 61, line 10

Witness Charles Hawkins

Page 64, line 25 through page 65, line 6

Witness Les Young

Page 75, line 21 through Page 76, line 1  
Page 77, line 8 through Page 78, line 20

Continued . . .

Witness Ronald Wanless

Page 79, line 13 through Page 81, line 21

Witness Joan O'Brien

Page 82, line 17 through Page 83, line 12

Witness Eric Carpenter

Page 85, line 13 through Page 87, line 3

For the public hearing held in West Columbia on June 15, 2006, CWS objects to the following:

Witness Brenda Bryant

Page 16, line 10 through Page 17, line 15  
Page 20, lines 1-16

Witness Betty Dixon

Page 36, line 6 through Page 43, line 2

Witness Thomas A. Johnson

Page 47, line 17 through Page 48, line 1

Witness Carlton Walker

Page 48, line 17 through Page 49, line 2  
Page 50, lines 8-23  
Page 51, lines 6-10

Witness Steven Heintz

Page 54, lines 11-15

Witness Robert Groves

Page 56, line 21 through Page 57, line 25  
Page 58, lines 15-17  
Page 59, lines 7-18

Continued . . .

Witness Pat Kirchman

Page 60, lines 15-18  
Page 66, lines 4-6

Witness Louie Chaves

Page 68, lines 16-22

Witness Rhonda Kelly

Page 72, line 7 through Page 76, line 19  
Page 77, lines 4-7

Witness Owen Brackett

Page 81, lines 23-24

Witness Jason Owens

Page 83, line 5 through Page 85, line 15  
Page 86, line 12 through Page 87, line 3

The Company also objects to the following Hearing Exhibits filed with the Commission at the West Columbia hearing purporting to support or corroborate the portions of testimony to which CWS objects.

Hearing Exhibit #11 sponsored by Jason Owens

The objection to the above referenced portions of testimony and the related exhibits is generally based upon CWS's assertion that these statements relate to unsubstantiated complaints. In most or all cases, the customers' testimony does not reflect the timeframe of the issues complained of, whether the customers complained to the company, or whether the customers filed a formal complaint with the Commission. Additionally, CWS has approximately 7,400 water customers and 12,000 wastewater customers. Of these, only 22 customers, or 0.13%, testified before the Commission regarding service complaints. This level of customer complaints is de minimis and immaterial and is, therefore, not an appropriate reflection of the Company or its services.

Continued . . .

The Honorable Charles L.A. Terreni

August 23, 2006

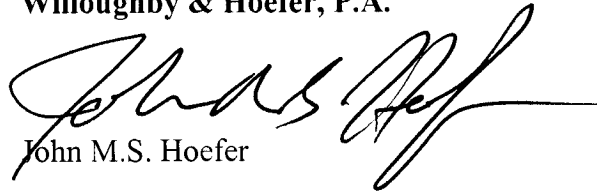
Page 5

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If you need any additional information, please do not hesitate to contact me. With best regards, I am,

Sincerely,

**Willoughby & Hoefler, P.A.**

A handwritten signature in black ink, appearing to read "John M.S. Hoefler", with a long horizontal flourish extending to the right.

John M.S. Hoefler

JMSH/amw

cc: C. Lessie Hammonds, Esquire  
Shannon B. Hudson, Esquire  
Mr. Bruce T. Haas  
Mr. Steven M. Lubertozzi  
Ms. Lena Sunardio